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DEPARTMENT OF STATE

Washington, D.C. 20520

EXCISE

from E

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November 8, 1980

MEMORANDUM

TO: Secretary Muskie.
Mr. Christopher
Mr. Newsom

FROM: Peter Tarnoff *PT*

SUBJECT: Transition Issues

Attached is a draft of a memorandum from the Secretary to the President outlining the priority foreign policy issues in the transition period.

We may be getting further guidelines from the White House on the preparation of transition memos which the President wants to have by November 15.

Could we discuss this draft on Monday, November 10?

DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY Am Bolster DATE 5/28/85

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Attachment:

As stated.

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GDS 11/8/86

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MEMORANDUM

FOR: The President

FROM:

Edmund S. Muskie

SUBJECT:

Transition Issues

I have outlined below a number of issues that will require consideration during the transition. The first category identifies issues which may necessitate some form of consultation with the President-elect or his transition team. The second category is composed of events which we will want to signal to the President-elect and inform him of the positions we plan to adopt. The final category lists a number of policy questions you may wish to decide or defer during this period.

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.....CATEGORY I.....
To Discuss With the Incoming Administration
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Iran Hostages. We will fully brief the President-elect and his advisors on the hostage situation. If we reach an agreement on their release, however, the implementation of the terms -- particularly claims settlements -- would carry well into the new administration. Before final agreement with the Iranians, we may want a private indication from the President-elect endorsing the terms.

Saudi F-15 Enhancement. It is unclear whether the Saudi Government now expects the outgoing Administration to make a decision on the F-15 enhancement request. We are obligated to consult with Congress before making any decision. Some of the items do not require Congressional notification. However, the incoming Administration would be responsible for fulfilling any commitments made to the Saudis, and will have to contend with the Congressional reaction to any action taken.

Kim Dae Jung. The appeals process will be completed some time between late November and mid-January. The pressures we have directed at President Chun Doo Hwon to commute Kim's death sentence will likely prove ineffective unless they are reinforced by people who can speak authoritatively for the President-elect.

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Poland. The economic and political situation in Poland is extremely delicate. We have been pressing our allies to do more for the Poles economically, and we have warned the Soviets and their Warsaw Pact allies of the severe impact outside intervention would have on East-West relations. We may want to consider discussing these approaches with the incoming Administration in order to go back to the allies and note that the President-elect fully shares our hope that they will aid the Polish Government, and that he supports our view that outside intervention would require a severe curtailment of economic and political relations between West and East. Additionally, we may want to suggest using Senator Percy's upcoming trip to Moscow as an occasion to assure that the Soviets understand the seriousness with which the incoming Administration would view any Soviet intervention in Poland.

El Salvador. Conservative elements in El Salvador are using our election results as a pretext for moving against Col. Majano and the Christian Democratic members of the Junta. Such changes would diminish even further the limited appeal of the Junta in El Salvador and abroad. Unless the incoming Administration signals support for the Junta there will probably be a rightist coup before inauguration day with a consequent polarization in El Salvador and constriction of U.S. policy options.

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Cuba. The Cuban Government has indicated that it is prepared to begin discussions with the outgoing Administration on an orderly departure program that would establish procedures and levels for regularized immigration from Cuba to the U.S. In addition, on November 8, anti-Castro exiles carried out their first raid within Cuba since 1977. Reportedly, one Cuban policeman was killed and several others wounded before the five-man group was captured. Although the group members have told the Cubans that they were acting independently, Castro may assume that the attack was related to the election result in the U.S. We will be telling the Cubans that we continue to oppose such raids, and cooperate with domestic law enforcement agencies to increase surveillance of these anti-Castro terrorist groups in Florida.

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CATEGORY II

To Inform the Incoming Administration
(Listed Chronologically)

CDE. This urgently requires decision. The U.S. has reserved its final position on whether there should be a CDE. Our allies have reached a consensus on a CDE mandate and tactics for tabling it at CSCE. The French are likely to table the mandate early at Madrid (which begins November 11) and the allies and Griffin Bell are urging us to support them. If you decide we should join the allies, we should inform the transition team.

CSCE Follow-up Meeting in Madrid (scheduled to start November 11). The U.S. will press for a strong review of the Helsinki Final Act implementation, including human rights provisions.

Grains Embargo. Allied countries cooperating in the partial grains embargo of the USSR will review the embargo in Adelaide November 12-13 and we will propose continuation of present restraints.

Begin Visit. Begin will be meeting with you on November 13. Our recommendation will be that you urge Begin to intensify and accelerate the peace negotiations; we assume the President-elect would have no problem with

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this. We also assume that Begin will request a meeting with the President-elect.

There are two additional problems Begin may raise with you and the President-elect: a) Begin has been pressing us to resume the Israeli military supply relationship with Iran. We have told him that such a resumption would potentially have negative effects on our hostage negotiations; and b) If Begin fails to oppose the draft legislation to annex the Golan Heights, the legislation will probably pass, with possibly fatal consequences to the peace process, including undermining U.N.S.C. Resolutions 242 and 338 as a basis for future negotiations.

TNF Talks. U.S. and Soviets have agreed there should be a joint statement at end of the current round in Geneva November 17, including a point on continuation of the talks. We plan to propose that "the date for resumption of these meetings will be determined subsequently by mutual consultations". This language is consistent with the formula we agreed with the Soviets in the SALT II talks during the transition in November 1976.

CTB Negotiations. Negotiators in Geneva normally set a tentative resumption date at the end of each round.

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The current round ends November 14. The U.S. will propose that the ~~date for the next round be set later~~ through diplomatic channels.

Middle East Peace Process. A program of negotiations has been laid out over the next couple of months, beginning with trilateral meetings on November 17 to prepare for a summit sometime early in the new year. The Egyptians have already conveyed to us a strong desire for assurances from the President-elect that he intends to continue on course with the Camp David process and specifically to hold the summit in 1981. Both the Egyptians and the Israelis will be putting these negotiations on hold while waiting for signals indicating the direction of the President-elect's policies. If we want to keep up the momentum of the negotiating process it will be important for the Reagan forces to get word to both parties that they support serious negotiations during the transition period.

Global Negotiations. Current informal discussion on a new round of Global Negotiations on North/South economic issues ~~will~~ give way to formal negotiations on November 17. If agreement can be reached on procedures that protect the specialized agencies and a neutral agenda, the U.S. will join others in agreeing to Global Negotiations early next year.

OAS General Assembly (November 19-26). Most OAS Foreign Ministers will be in Washington for informal discussion and formal debate on regional concerns. Many will seek contacts with representatives of the incoming Administration.

Visit of FRG Chancellor Schmidt and Foreign Minister Genscher (November 19-20). We will discuss improved management of U.S.-FRG relations and cooperation on shared regional/global concerns. The Chancellor has indicated that he would like to meet with the President-elect.

EC Statement on Mideast. The EC Summit may issue a statement outlining a peace process at their December 1-2 meeting. We have been acting to convince the Europeans not to take actions that would hamper the Middle East peace process.

IEA. IEA Oil Ministers will meet December 8-9 to focus on responses to the continued oil shortfall caused by the ~~Iraq~~-Iran war. Measures could include negotiation of oil import ceilings or activation of the emergency sharing system. (The IEA Governing Board meets in advance November 21.)

NATO Ministerials (Defense Policy Committee and North Atlantic Council, December 9-12). We will stress

the need for strong allied defense efforts and a common approach to crises outside Europe.

MBFR Negotiations. Negotiators in Vienna normally set a tentative resumption date at the end of each round. The current round ends just before Christmas; we will propose that the date for the next round also be set later through diplomatic channels.

Greek Defense Agreement. We will begin negotiation of a new defense agreement with Greece, and it may be possible to conclude it before the end of 1980.

Namibia. We are at a critical stage in the UN negotiations with the South Africans over independence for Namibia. The SAG may now decide to stall, in the hope that the incoming Administration will be less supportive of the UN plan. Delay could lead to renewed violence in Namibia and across the borders of the Front Line states. The SAG should be informed that we will continue to place high priority on implementation of the UN plan, as do our European allies.

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CATEGORY III
 Decisions for Outgoing Administration
 (Listed chronologically)

A. Policy

Japanese Automobiles. The TTC decision is expected on November 10. If injury is found, we will probably have to develop a policy response, although delay past January 20 is a possibility.

Micronesia. We initialed a Compact of Free Association with the Governments of the Federated States of Micronesia and Marshall Islands on October 31. The Government of Palau is committed to initial the Compact by November 13. The Micronesian Governments have agreed, in principle, to deny future military access to third countries, a provision considered essential to Congressional approval of the Compact. The specific terms of strategic denial, along with a number of other subsidiary agreements, are to be negotiated prior to signing of the Compact. The Micronesian Governments are extremely anxious to conclude these negotiations in order for the Compact to be submitted to you for review and signature prior to January 20.

Rice for Korea. Korea had a bad rice crop and must import 2.4 million tons or risk political instability. We must decide soon whether to permit an exception to the US-Japan rice agreement to enable Japan to ship substantial quantities of subsidized rice to Korea. U.S. rice exporters want to limit such Japanese sales but the Koreans are buying all available US rice from California and some from the Gulf States. Rice growers in Arkansas and

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Louisiana would like to sell more but we expect them to go along reluctantly with a USG decision favoring an exception.

Dresser Drill Bit. In mid-November, you may be asked to continue, or to revoke, suspension of the export license for remaining exports for the Dresser drill bit plant in the USSR. A decision to revoke suspension may signal to our Allies and the Soviets a change in US sanctions policy toward the USSR.

PL-480 for Egypt. Under the present continuing resolution, and because the price of wheat is rapidly rising, there is not enough in the FY-81 budget to meet our past year's level of 1.5 million tons of wheat for Egypt without cutting deeply into the other countries' allocations. We will need a decision by early December whether we should commit ourselves to maintaining the 1.5 million ton level which will require cuts in other PL-480 programs or to sign an agreement with the Egyptians for a lesser amount now (1.1 million tons) with no assurance that we will be able to make up the difference without additional funds from Congress.

Sale of Boeing Civil Aircraft to Iraq. By December 15, a decision will be required for or against granting licenses to Boeing for the export of five civil aircraft

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to Iraq (2 747-s and 3 727-s). By that date Boeing must have agreement to the licenses for all five aircraft or Iraq will cancel their sales contract.

Sverdlovsk BW Incident. To avoid loss of momentum, we could authorize an effort this autumn to convene a meeting of parties to the BW Convention to place the international spotlight on Sverdlovsk, and to develop a means to deal with future incidents.

Nuclear Exports. Two Swiss requests to retransfer US-origin fuel to the UK and France for reprocessing have been pending for about nine months, and one request to sell plutonium from US-origin fuel for use in France's Super-Phoenix demonstration breeder reactor has been pending over a year. Action has been held up pending a Swiss response to our demarches to them about exports by Swiss firms to Pakistan's unsafeguarded enrichment and reprocessing programs. The Swiss have provided what we consider a constructive response and you will soon be asked to approve the Swiss requests.

B. Budget

Foreign Assistance Legislation.

Aid authorization. This was midway in conference when the Congress recessed in October. We should seek resumption and completion of the conference as early as

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possible in the special session. The authorization is particularly important because it contains a new FMS financing formula which would permit funding of FY-81 levels, including Israel and Egypt, even in the absence of FY-81 appropriations. Unless the House leadership can obtain assurances from Republicans not to attack the FY-81 foreign aid appropriations bill on the House floor, we should not press for this legislation in the special session. Even in the unlikely event of House passage, we would risk a filibuster when it passed to the Senate.

IDA. Authorization legislation for US participation in the 6th replenishment of IDA was approved by the Senate and is awaiting final House floor action. We should press for House passage of IDA VI early enough in the special session to permit time for conference action and final passage by both Houses.

El Salvador. We should decide whether to supply urgently needed but controversial military equipment and possibly increase aid to the Junta to help cope with the worsening economic situation.

Aid to Jamaica. A concessional assistance package of about \$45 million is desirable as a U.S. contribution to help prevent the collapse of Jamaica's economy. A

decision is necessary on whether to seek a supplemental or to reprogram hard-pressed funds from development aid, economic support funds and PL 480.

FY 1982 Resources. We will need to decide the overall level and mix of programs for the international affairs budget. This decision will include the option of providing a significant increase in foreign affairs programs in order to reassert US political, economic and security interests in the Third World. In addition, decisions will have to be made on whether to include a \$100 ESF program for Pakistan; and the level of FMS finance to support for Israel.

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